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# CITY & TOWN

A Publication of the Massachusetts Department of Revenue's Division of Local Services

## Abolition of County Government?

written by Jean McCarthy

As of July 1, 1998, the governments of four of Massachusetts' fourteen counties no longer exist and the abolition of additional counties may take place by the end of 2000. Provisions in the FY1997 state budget abolished Franklin County as of July 1, 1997.<sup>1</sup> The legislature abolished Middlesex County as of July 11, 1997. Worcester and Hampden Counties were abolished as of July 1, 1998.<sup>2</sup>

A transition task force identified issues needing to be resolved and made decisions regarding the transfer of the assets, liabilities, and functions of Middlesex County to the Commonwealth. The task force also planned the abolition of Hampden and Worcester Counties. Representatives of the Executive Office of Administration and Finance, the Group Insurance Commission, the State Retirement Board, the State Treasurer, the Secretary of State, the State Comptroller and the Department of Revenue and other agencies comprised the task force.

The employees of the county jails and houses of correction, the registry of deeds and the courthouse maintenance departments are now on the state payroll. Unless specifically excluded, all real and personal property belonging to those counties has also been transferred to the state. All officers and employees of the abolished counties transferred to state employment with no loss of seniority, retirement or other rights, and without reduction in compensation, salary grade or insurance benefits.

Registrars of deeds will remain elected officials retaining local administrative control under the direction of the secretary of state. Sheriffs will also remain elected officials. Sheriffs will retain administrative and operational control over the jails and houses of correction. The county treasurers will remain in office until 2002 cooperating with the secretary of administration and finance to effect an orderly transfer of assets, liabilities, personnel and functions from the counties to the Commonwealth.

Employees who had retired at the time of the transfer remain in the county retirement systems. County employees who became state employees transferred their retirement funds to the state system. Towns and districts belonging to an abolished county's retirement system will remain members of the county retirement system. At this time no decision has been made about whether the unfunded pension liability will be funded by the state or by assessments to the communities.

The legislature appropriated approximately \$24.6 million for payment of outstanding debt owed by Middlesex County as well as the cost of liquidating the County's assets. Abolishing Middlesex County has cost more than originally anticipated and a bill has been filed to appropriate an additional \$5.5 million to complete the task. These costs and the county treasurer's salary will ultimately be borne by the cities and towns comprising Middlesex County. Those communities will continue to pay an amount equivalent to the FY1997

county tax each year until the obligation has been repaid. Although the amortization schedule may be up to 25 years, the schedule filed with the legislature in September 1997 provided for assessments through 2006. Deductions from quarterly payments of local aid will repay these charges.

The governor has proposed a bill recommending a supplemental appropriation for FY1998 of \$8.8 million for Hampden County and \$16.3 million for Worcester County. Communities will repay the costs of abolishing these counties in the same manner as those in Middlesex County.

The Division of Local Services administers the reserve account appropriations for Middlesex County, reviewing all claims for accuracy and supporting documentation prior to payment. Due to the number of vendors to whom Middlesex County owed money, this has

*continued on page two ➡*

## Inside This Issue

### Legal

Excise Taxes and Bankruptcy . . . . . 2

### Focus

Multiple Tax Rates . . . . . 3

### DLS Update

Water Project Funds . . . . . 7

Where is Aquinnah? . . . . . 7

For Your Information . . . . . 7

Form 3ABC Revised . . . . . 7

**Municipal Fiscal Calendar** . . . . . 8

**Data Bank Highlight** . . . . . 8

# LEGAL

## in Our Opinion

### Excise Taxes and Bankruptcy

Most of the over 15,000 bankruptcies in Massachusetts last year were personal bankruptcies. Federal law governs bankruptcy, therefore municipal officials must comply with the United States Bankruptcy Code when seeking to collect local taxes, excises and fees from taxpayers who have filed for bankruptcy protection. This article concerns a debtor who argued that her excise taxes were discharged through bankruptcy.<sup>1</sup>

The taxpayer filed a voluntary petition for bankruptcy under Chapter 7 (liquidation) on September 26, 1996. In her Schedule of Creditors she listed the City of Malden for personal property taxes. In January 1997 the bankruptcy court entered an order of discharge freeing the taxpayer from the obligation to pay debts outstanding at the time of filing.

The taxpayer attempted to renew the registration of her motor vehicle in April 1997. The Registry of Motor Vehicles informed her that the Malden tax collector had placed her registration in non-renewal status because of unpaid excise bills issued in 1995. The collector insisted that the taxpayer pay her excise taxes that had become due less than three years before she filed for bankruptcy. In response, she filed a motion in bankruptcy court requesting the Court to order that the excise taxes were discharged by order of the bankruptcy court.

As a general matter, a discharge in bankruptcy operates as an injunction prohibiting a creditor from collecting debts. Title 11 Section 507(a)(7) of the United States Code, however, lists a number of exceptions. One exception pertains to unsecured claims of governmental units. A property tax, assessed before the commencement of

the case and last payable without penalty *one* year before the date of the filing, is not discharged. An excise tax on a transaction occurring during the three years immediately preceding the date of the filing of the petition is also not discharged.

The issue for the Bankruptcy Court to resolve was the nature of the taxes in question. The City claimed that since the taxes were *excise* taxes, they were valid. Excise taxes due less than three years prior to the filing of the bankruptcy petition are not excused by an order of discharge. The taxpayer, however, claimed these obligations were *personal property* taxes discharged because they were due more than one year before the petition in bankruptcy was filed. The taxpayer claimed the motor vehicle excise taxes imposed under M.G.L. Chapter 60A were taxes on the ownership of personal property. The Bankruptcy Court rejected this argument. In the Court's view, an excise tax is generally defined as a tax "imposed on the performance of an act, the engaging in an occupation, or the enjoyment of a privilege." Although the legislative description of the tax as an excise was not conclusive, the Court noted that the motor vehicle excise was for the privilege of the registration of a motor vehicle. In addition, M.G.L. Chapter 59 provides that a registered motor vehicle, whether exempt or subject to motor vehicle excise, is exempt from local personal property taxes. The Court reasoned that the legislature therefore intended to impose an excise tax and not a property tax on motor vehicles.

Accordingly, the Bankruptcy Court held that motor vehicle excises were *excise* taxes. As such, they were not dischargeable because they were due within the three-year time period listed in the exception. The Commonwealth had filed a brief supporting the view that the tax on motor vehicles is an ex-

cise. Due to the adverse effect on municipalities that might result from the discharge of automobile excise taxes by debtors, the Commonwealth requested the opportunity to comment. We note that this decision is consistent with previous Department advisory opinions to local officials. ■

*compiled by James Crowley*

1. *Mary Appugliese*, 1997 Bankr. Lexis 1152 (D. Mass. 1997).

### Abolition of County Government ➡ *continued from page one*

been a time-consuming process. DLS disbursed most of the funds to pay off vendor claims, back wage claims, and defaulted loans. Since there was time to prepare for the abolition of Hampden and Worcester Counties, DLS anticipates fewer problems.

For the remaining counties, Chapter 48 of the Acts of 1997 provides for the establishment of a county charter commission composed of a representative for each community voting to join the county charter commission. Chapter 48 specifically excludes the Franklin regional council of governments, Barnstable county and any county with a charter under Chapter 34A of the MGL. Those joining the charter commission will vote on a proposed county charter at the next state election. A majority of affirmative votes adopts the charter which thereafter will govern that county. Legislative action will determine whether the county will control registries of deeds, correctional facilities and court-houses located within their boundaries. If no charter has been adopted as of December 31, 2000, a county may be subject to abolition. ■

1. Chapter 151 of the Acts of 1996

2. Chapter 48 of the Acts of 1997

# FOCUS

## on Municipal Finance

### Effects of Multiple Tax Rates

Cities and towns have the option to shift part of the property tax burden from residential and open space to commercial, industrial and personal properties. Annually, almost a third of the municipalities in the state choose this option (in FY1998, 102 out of 350 reporting so far). In FY1998, this saved residential property owners in these cities and towns \$618,887,144, a shift of 9.59 percent of the total levy, and an average savings of \$464 for single family homeowners.

The guidelines for implementing multiple rates are specified in the Massachusetts General Laws.<sup>1</sup> There are three conditions that have to be met before a community can set multiple tax rates:

- The Commissioner of Revenue must certify that all real and personal property values are being assessed at full and fair cash value every three years.
- All real property must be classified into one of four categories: residential, open space, commercial and industrial.
- The board of selectmen or the city council with the mayor's approval must hold an annual public meeting and vote to tax classes at different rates.

If these conditions have been met, municipalities can set multiple tax rates. The guidelines are based on the percentages of the tax levy raised from residential and open space (R&O) and from commercial, industrial and personal property classes (CIP).

- The CIP share of the tax levy cannot increase by more than 50 percent of what it would have been if the community had a single tax rate. The increase in the CIP share is represented by the CIP factor which can range from 1.00

(zero percent increase) to 1.50 (50 percent increase). For example, if CIP would raise 20 percent of the total tax levy with a single rate, it cannot raise more than 1.50 times 20 percent or 30 percent of the total levy after the shift to multiple rates.

- The Department of Revenue determines for every community the proportionate amount that the R&O share of the levy would decrease if the CIP share were increased by 50 percent. This is called the Minimum Residential Factor (MRF). In the example, CIP originally raised 20 percent of the levy and R&O 80 percent. If the CIP share is raised to its maximum of 30 percent (1.5 times 20 percent), then the R&O share will be lowered by a factor of .875 to 70 percent. In this case the MRF is .875.

- The R&O classes must raise at least 65 percent of what would be raised without the shift. In other words, the MRF can never be lower than .65. In communities where the CIP share of

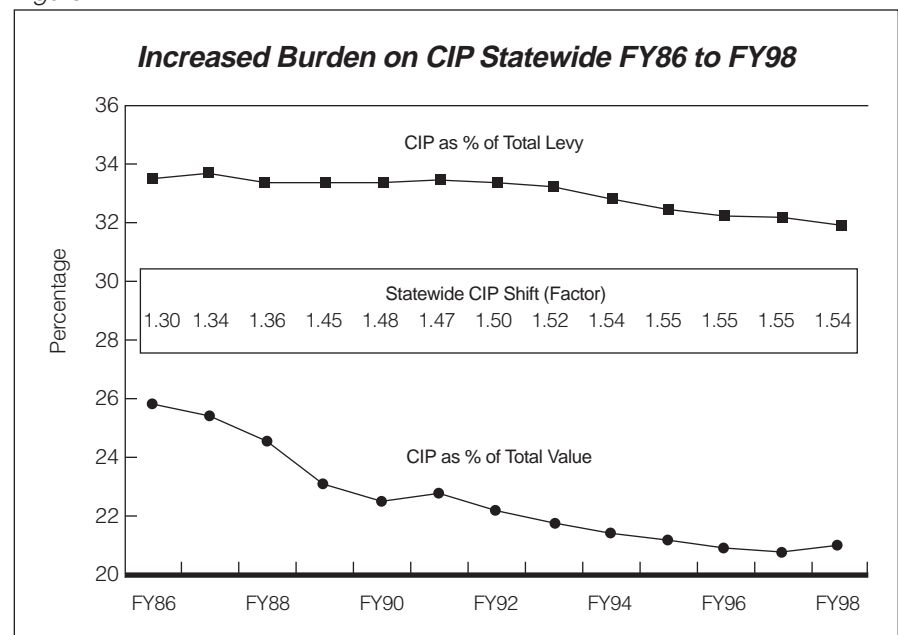
the levy is greater than 41.18 percent, an increase of 50 percent in the CIP levy would result in the R&O going below 65 percent of its original share. Consequently, the maximum CIP shift is less than 50 percent.

- The CIP share of the levy is allowed to increase by 75 percent under Chapter 200 of the Acts of 1988 as long as: 1) the new residential-only share computed using the MRF is higher than the previous year's actual residential-only share, 2) R&O share is not reduced by more than 50 percent, and 3) the R&O share is not less than the R&O share in any year since the community's values were first certified at full and fair cash value.

Statewide, even though CIP percentage share of total assessed value has decreased from almost 26 percent to less than 21 percent over the last 12 years, the CIP percentage of the total tax levy has stayed fairly constant at around 33 percent. In order to keep

*continued on page six ➡*

Figure 1



## FY98 Multiple Tax Rates, CIP Shifts and Amount Shifted

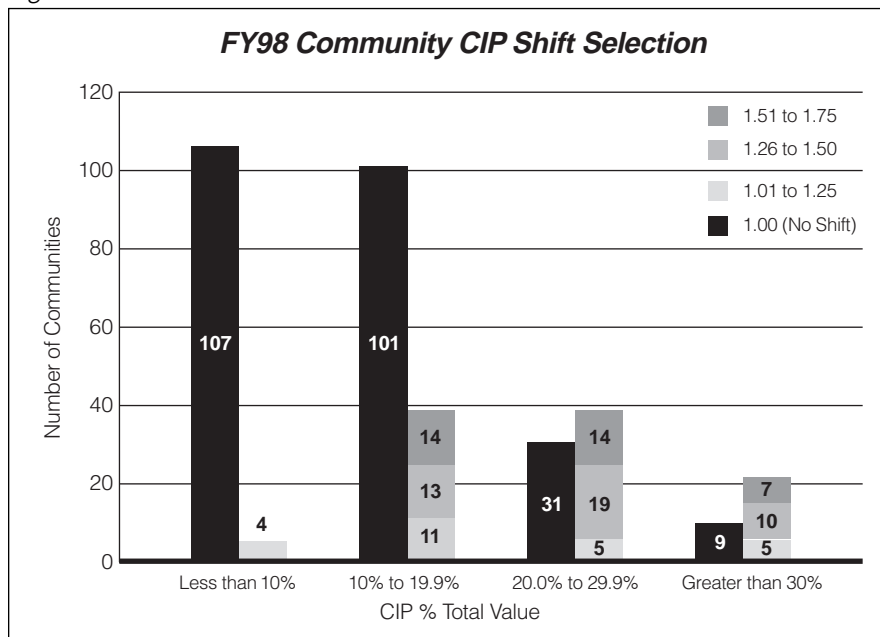
	CIP % of Valuation	Max CIP Shift	Actual CIP Shift	\$ Shift to CIP (000s)	Actual Res Tax Rate	Actual CIP Tax Rate	Single Tax Rate		CIP % of Valuation	Max CIP Shift	Actual CIP Shift	\$ Shift to CIP (000s)	Actual Res Tax Rate	Actual CIP Tax Rate	Single Tax Rate		CIP % of Valuation	Max CIP Shift	Actual CIP Shift	\$ Shift to CIP (000s)	Actual Res Tax Rate	Actual CIP Tax Rate	Single Tax Rate
Abington	14.53	1.50	1.00		16.98	16.98	16.98	Chicopee	23.12	1.56	1.50	4,229	15.78	27.87	18.58	Hancock	17.81	1.50	1.00		6.30	6.30	6.30
Acton	14.98	1.50	1.00		18.31	18.31	18.31	Concord	12.69	1.50	1.00		18.51	18.51	18.51	Harwich	11.07	1.50	1.00		11.70	11.70	11.70
Acushnet	11.15	1.50	1.20	139	14.16	17.43	14.52	Conway	9.33	1.50	1.00		13.26	13.26	13.26	Hatfield	31.58	1.50	1.00		12.13	12.13	12.13
Adams	19.83	1.50	1.14	150	17.23	20.35	17.85	Cumington	21.31	1.50	1.00		13.71	13.71	13.71	Haverhill	17.54	1.50	1.45	3,295	18.41	29.52	20.36
Agawam	22.18	1.50	1.25	1,311	15.77	21.22	16.98	Dartmouth	32.55	1.50	1.10	1,072	15.28	17.66	16.05	Hawley	8.82	1.50	1.00		15.00	15.00	15.00
Afford	3.62	1.50	1.00		7.44	7.44	7.44	Dennis	11.78	1.50	1.00		9.37	9.37	9.37	Heath	4.35	1.50	1.00		19.73	19.73	19.73
Amesbury	19.05	1.50	1.00		18.71	18.71	18.71	Dighton	11.99	1.75	1.75	460	13.81	25.92	15.38	Holliston	11.57	1.50	1.00		17.08	17.08	17.08
Amherst	14.20	1.50	1.00		15.82	19.20	19.20	Douglas	8.49	1.50	1.00		17.15	17.15	17.15	Holyoke	38.81	1.50	1.44	4,832	17.49	34.66	24.15
Andover	22.51	1.50	1.32	3,897	19.20	22.90	17.41	Dover	2.28	1.50	1.00		12.02	12.02	12.02	Hopedale	11.97	1.50	1.40	260	18.26	27.03	19.31
Arlington	8.59	1.50	1.00		16.73	16.73	16.73	Dracut	9.72	1.50	1.00		17.50	17.50	17.50	Hopkinton	15.45	1.50	1.13	342	14.37	16.62	14.72
Ashburnham	4.90	1.50	1.00		17.39	17.39	17.39	Dudley	10.04	1.50	1.00		11.13	11.13	11.13	Hubbardston	7.19	1.50	1.00		15.56	15.56	15.56
Ashby	5.65	1.50	1.00		18.55	18.55	18.55	Dunstable	6.05	1.00	1.00		15.96	15.96	15.96	Hudson	22.85	1.52	1.49	2,028	14.72	25.75	17.24
Ashfield	8.69	1.50	1.00		16.55	16.55	16.55	Duxbury	4.41	1.50	1.00		16.60	16.60	16.60	Hull	6.56	1.50	1.00		19.59	19.59	19.59
Ashland	13.09	1.50	1.16	347	17.91	21.29	18.35	E. Bridgewater	14.03	1.50	1.00		16.97	16.97	16.97	Huntington	7.06	1.50	1.00		15.69	15.69	15.69
Athol	14.21	1.50	1.00		14.33	14.33	14.33	E. Brookfield	11.52	1.50	1.00		9.13	9.13	9.13	Ipswich	9.86	1.50	1.00		13.67	13.67	13.67
Attleboro	19.36	1.75	1.50	2,754	15.30	26.08	17.39	E. Longmeadow	23.32	1.50	1.00		18.92	18.92	18.92	Kingston	23.20	1.50	1.00		15.70	15.70	15.70
Auburn	28.99	1.50	1.46	1,948	13.34	23.98	16.42	Eastham	7.83	1.50	1.00		11.64	11.64	11.64	Lakeville	16.42	1.50	1.00		12.57	12.57	12.57
Avon	52.04	1.32	1.27	949	12.23	21.87	17.23	Easthampton	14.72	1.50	1.00		15.41	15.41	15.41	Lancaster	15.23	1.50	1.00		13.96	13.96	13.96
Ayer	55.22	1.28	1.27	1,219	10.16	19.34	15.23	Easton	12.77	1.50	1.00		17.02	17.02	17.02	Lanesborough	33.79	1.50	1.00		16.44	16.44	16.44
Barnstable	16.26	1.50	1.00		11.76	11.76	11.76	Edgartown	9.47	1.50	1.00		8.66	8.66	8.66	Lawrence	28.62	1.62	1.51	4,048	19.62	37.24	24.66
Barre	13.05	1.50	1.00		18.48	18.48	18.48	Egremont	8.43	1.50	1.00		10.32	10.32	10.32	Lee	35.83	1.50	1.00		14.90	14.90	14.90
Becket	6.82	1.50	1.00		10.50	10.50	10.50	Erving	62.78	1.30	1.24	390	11.24	23.17	18.73	Leicester	11.69	1.50	1.00		16.15	16.15	16.15
Bedford	028.01	1.75	1.70	4,829	13.55	31.60	18.59	Essex	12.92	1.50	1.00		13.53	13.53	13.53	Lenox	26.65	1.50	1.00		14.10	14.10	14.10
Belchertown	7.63	1.50	1.00		17.56	17.56	17.56	Fairfax	52.68	1.38	1.38	8,711	12.45	29.54	21.45	Leominster	25.70	1.50	1.00		17.36	17.36	17.36
Bellingham	33.78	1.50	1.00		15.07	15.07	15.07	Fairhaven	20.53	1.50	1.15	403	13.74	16.52	14.31	Leverett	3.76	1.50	1.00		20.43	20.43	20.43
Belmont	6.63	1.50	1.00		14.11	14.11	14.11	Fall River	23.97	1.75	1.75	6,658	10.10	13.23	13.23	Lexington	13.03	1.75	1.70	5,193	13.43	25.51	15.00
Berkley	6.14	1.50	1.00		11.85	11.85	11.85	Falmouth	9.08	1.50	1.00		11.75	11.75	11.75	Leyden	6.19	1.50	1.00		18.14	18.14	18.14
Berlin	31.41	1.50	1.00		15.91	15.91	15.91	Fitchburg	25.81	1.50	1.31	1,751	16.98	24.93	19.03	Lincoln	4.27	1.50	1.00		12.07	12.07	12.07
Bernardston	15.99	1.50	1.00		16.42	16.42	16.42	Florida	55.48	1.40	1.32	203	13.21	29.09	22.02	Littleton	23.91	1.50	1.39	1,017	14.38	22.90	16.42
Beverly	13.68	1.50	1.50	2,798	16.39	26.69	17.80	Foxborough	22.41	1.50	1.00		15.43	15.43	15.43	Longmeadow	4.80	1.50	1.00		19.70	19.70	19.70
Billerica	24.60	1.75	1.73	8,068	15.45	34.92	20.24	Framingham	27.99	1.50	1.47	11,127	17.65	31.75	21.60	Lowell	21.32	1.75	1.70	9,186	19.18	40.24	23.67
Blackstone	8.26	1.50	1.00		14.77	14.77	14.77	Franklin	18.62	1.50	1.00		13.80	13.80	13.80	Ludlow	16.60	1.50	1.00		16.40	16.40	16.40
Blandford	9.60	1.50	1.00		13.16	13.16	13.16	Freetown	15.63	1.75	1.52	608	14.07	23.67	15.57	Lunenburg	12.07	1.50	1.00		18.16	18.16	18.16
Bolton	13.77	1.50	1.00		16.99	16.99	16.99	Gardner	20.74	1.50	1.00		18.30	18.30	18.30	Lynn	17.89	1.75	1.75	7,237	19.84	41.50	23.71
Boston	42.10	1.66	1.66	217,471	13.47	38.45	23.15	Georgetown	2.26	1.50	1.00		6.52	6.52	6.52	Lynnfield	8.42	1.50	1.00		14.26	14.26	14.26
Bourne	14.72	1.50	1.00		12.83	12.83	12.83	Gill	18.19	1.50	1.00		14.24	14.24	14.24	Malden	16.84	1.75	1.67	4,339	16.38	31.57	18.94
Boxborough	19.55	1.50	1.00		18.50	18.50	18.50	Gloucester	13.90	1.50	1.37	1,759	16.78	24.45	17.85	Manchester	7.17	1.50	1.00		11.47	11.47	11.47
Boxford	2.64	1.50	1.00		14.30	14.30	14.30	Goshen	6.03	1.50	1.00		16.40	16.40	16.40	Mansfield	26.76	1.50	1.05	307	17.02	18.20	17.34
Boylston	10.28	1.75	1.10	46	16.70	18.58	16.59	Groton	3.79	1.50	1.00		2.50	2.50	2.50	Marblehead	5.91	1.50	1.00		12.00	12.00	12.00
Braintree	29.95	1.52	1.51	6,175	12.87	24.93	16.46	Groton	12.28	1.50	1.00		15.33	15.33	15.33	Marion	9.66	1.50	1.00		12.39	12.39	12.39
Brewster	9.58	1.50	1.00		12.84	12.84	12.84	Grafton	7.76	1.50	1.00		15.39	15.39	15.39	Marlborough	33.15	1.50	1.44	6,553	16.93	29.50	20.46
Bridgewater	11.71	1.50	1.00		14.84	14.84	14.84	Granby	18.19	1.50	1.00		14.24	14.24	14.24	Marshfield	7.87	1.50	1.00		15.30	15.30	15.30
Brimfield	11.77	1.50	1.00		14.74	14.74	14.74	Granville	15.53	1.50	1.00		15.39	15.39	15.39	Mashpee	10.84	1.50	1.00		14.35	14.35	14.35
Brockton	28.83	1.50	1.27	5,003	20.82	29.88	23.43	Grt. Barrington	23.79	1.50	1.00		16.16	16.16	16.16	Matapoisett	8.98	1.50	1.00		14.79	14.79	14.79
Brookfield	9.63	1.50	1.00		17.16	17.16	17.16	Greenfield	27.63	1.50	1.00		20.50	20.50	20.50	Maynard	17.64	1.50	1.47	1,003	17.90	29.13	19.88
Brookline	10.62	1.75	1.73	6,855	17.55	28.79	16.59	Groton	6.56	1.50	1.00		18.22	18.22	18.22	Medford	6.67	1.50	1.00		15.10	15.10	15.10
Buckland	21.26	1.50	1.00		17.86	17.86	17.86	Groton	12.28	1.50	1.00		15.33	15.33	15.33	Medford	15.29	1.75	1.75	5,788	15.09	30.54	17.45
Burlington	39.85	1.65	1.60	9,734	11.50	30.70	19.15	Hampden	7.86	1.50	1.00		14.99	14.99	14.99	Melrose	7.30	1.50	1.00		18.79	18.79	18.79
Cambridge	36.56	1.75	1.75	42,312	13.43	35.98	20.56	Hampden	33.68	1.50	1.00		13.31	13.31	13.31	Mendon	11.04	1.50	1.00		15.72	15.72	15.72
Canton	24.97	1.58	1.50	3,520	13.14	23.65	15.76	Hampden	33.68	1.50	1.00		16.01	16.01	16.01	Merrimac	7.28	1.50	1.00		15.22	15.22	15.22
Carlisle	2.38	1.50	1.00		15.29	15.29	15.29	Hampden	7.86	1.50	1.00		17.52	17.52	17.52								
Carver	24.20	1.50	1.34	842	18.82	28.29	21.11	Hampden	7.86	1.50	1.00		17.52	17.52	17.52								
Charmont	15.24	1.50	1.00		21.29	21.29	21.29	Hampden	7.86	1.50	1.00		17.52	17.52	17.52								
Chatham	15.14	1.50	1.00		12.07	12.07	12.07	Hampden	7.86	1.50	1.00		17.52	17.52	17.52								
Chatham	10.36	1.50	1.00		9.63	9.63	9.63	Hampden	7.86	1.50	1.00		17.52	17.52	17.52								
Chelmsford	18.95	1.50	1.02	157	18.98	19.45	19.07	Hampden	7.86	1.50	1.00		17.52	17.52	17.52								

	CIP % of Valuation	Max CIP Shift	Actual CIP Shift	\$ Shift to CIP (000s)	Actual Res Tax Rate	Actual CIP Tax Rate	Single Tax Rate	CIP % of Valuation	Max CIP Shift	Actual CIP Shift	\$ Shift to CIP (000s)	Actual Res Tax Rate	Actual CIP Tax Rate	Single Tax Rate	CIP % of Valuation	Max CIP Shift	Actual CIP Shift	\$ Shift to CIP (000s)	Actual Res Tax Rate	Actual CIP Tax Rate	Single Tax Rate
Methuen	17.22	1.50	1.25	1,420	16.87	22.24	17.79	3.72	1.50	1.00		16.25	16.25	16.25	15.81	1.50	1.00		16.25	16.25	16.25
Middleborough	21.54	1.12	1.00	429	16.67	19.43	17.26	27.42	1.50	1.00		11.58	11.58	11.58	10.21	1.50	1.00		11.58	11.58	11.58
Middlefield	7.56	1.50	1.00		17.07	17.07	17.07	21.96	1.75	1.69	12,932	15.30	32.09	18.99	7.03	1.50	1.00		15.30	32.09	18.99
Middleton	24.04	1.50	1.00		15.18	15.18	15.18	17.78	1.30	1.30	1,341	16.48	22.91	17.62	13.90	1.50	1.00		16.48	22.91	17.62
Milford	24.95	1.50	1.50	3,285	16.29	29.30	19.54	26.32	1.50	1.09	247	12.90	14.62	13.35	18.38	1.50	1.50		12.90	14.62	13.35
Millbury	17.59	1.50	1.00		14.60	14.60	14.60	8.65	1.50	1.00		16.13	16.13	16.13	9.07	1.50	1.00		16.13	16.13	16.13
Millis	12.78	1.50	1.00		18.30	18.30	18.30	10.51	1.50	1.00		13.22	13.22	13.22	14.84	1.50	1.22	786	13.22	13.22	13.22
Milwille	5.70	1.50	1.00		16.36	16.36	16.36	17.13	1.75	1.75	4,723	19.39	40.16	22.95	37.93	1.62	1.62	17,564	19.39	40.16	22.95
Milton	4.81	1.50	1.33	501	17.87	24.17	18.17	8.03	1.50	1.00		14.88	14.88	14.88	16.02	1.50	1.00		14.88	14.88	14.88
Monroe	72.91	1.13	1.00		12.30	12.30	12.30	18.60	1.50	1.00		14.20	14.20	14.20	19.41	1.50	1.00		14.20	14.20	14.20
Monson	13.51	1.50	1.00		15.63	15.63	15.63	23.37	1.50	1.00		17.40	17.40	17.40	24.94	1.50	1.00		17.40	17.40	17.40
Montague	31.01	1.50	1.20	418	15.92	21.00	17.50	8.95	1.50	1.00		15.46	15.46	15.46	5.80	1.50	1.00		15.46	15.46	15.46
Monterey	5.45	1.50	1.00		8.72	8.72	8.72	83.34	1.10	1.10	136	5.35	11.76	10.69	20.97	1.75	1.60	4,743	5.35	11.76	10.69
Montgomery	5.56	1.50	1.00		13.79	13.79	13.79	13.70	1.50	1.00		15.28	15.28	15.28	5.06	1.50	1.00		15.28	15.28	15.28
Mt. Washington	5.26	1.50	1.00		5.82	5.82	5.82	6.23	1.50	1.00		11.50	11.50	11.50	20.97	1.75	1.60		11.50	11.50	11.50
Nahant	3.48	1.50	1.00		13.57	13.57	13.57	14.84	1.75	1.54	101	15.34	26.08	16.93	17.92	1.75	1.60	969	15.34	26.08	16.93
Nantucket	10.22	1.75	1.75	1,828	5.25	9.71	5.55	5.72	1.50	1.00		15.45	15.45	15.45	12.58	1.50	1.00		15.45	15.45	15.45
Natick	29.21	1.50	1.00		14.53	14.53	14.53	29.12	1.75	1.66	8,282	15.22	34.67	20.88	10.06	1.50	1.00		15.22	34.67	20.88
Needham	16.31	1.50	1.47	3,459	13.25	21.45	14.59	25.13	1.50	1.00		13.92	13.92	13.92	10.35	1.50	1.00		13.92	13.92	13.92
New Ashford	41.11	1.50	1.30	20	6.49	10.68	8.21	9.58	1.50	1.00		9.58	9.58	9.58	4.72	1.50	1.00		9.58	9.58	9.58
New Bedford	24.49	1.75	1.64	8,287	15.26	31.59	19.26	18.53	1.50	1.00		15.98	15.98	15.98	21.38	1.50	1.00		15.98	15.98	15.98
New Braintree	10.46	1.50	1.00		16.60	16.60	16.60	26.71	1.59	1.39	4,576	12.05	24.47	15.37	35.28	1.50	1.22	641	12.05	24.47	15.37
New Marlborough	8.96	1.50	1.00		11.38	11.38	11.38	5.56	1.50	1.00		14.16	14.16	14.16	13.03	1.50	1.00		14.16	14.16	14.16
New Salem	4.28	1.50	1.00		13.50	13.50	13.50	5.67	1.50	1.00		15.19	15.19	15.19	3.77	1.50	1.00		15.19	15.19	15.19
Newbury	5.69	1.50	1.00		13.25	13.25	13.25	28.61	1.50	1.34	1,580	14.20	22.02	16.44	31.14	1.50	1.45	4,087	14.20	22.02	16.44
Newburyport	19.92	1.50	1.00		17.59	17.59	17.59	7.23	1.50	1.00		19.02	19.02	19.02	12.80	1.50	1.00		19.02	19.02	19.02
Newton	12.55	1.75	1.72	12,549	13.75	26.38	15.33	17.38	1.50	1.00		15.44	15.44	15.44	4.86	1.50	1.00		15.44	15.44	15.44
Norfolk	5.69	1.50	1.00		15.97	15.97	15.97	23.90	1.50	1.00		14.66	14.66	14.66	37.05	1.50	1.00		14.66	14.66	14.66
N. Adams	27.01	1.50	1.50	1,025	13.40	28.35	18.90	3.90	1.50	1.00		15.64	15.64	15.64	19.71	1.50	1.48	2,829	15.64	15.64	15.64
N. Andover	18.18	1.50	1.16	857	13.60	16.35	14.10	13.70	1.50	1.00		14.39	14.39	14.39	14.54	1.50	1.00		14.39	14.39	14.39
N. Attleborough	26.07	1.50	1.00		15.41	15.41	15.41	16.34	1.50	1.00		13.32	13.32	13.32	5.17	1.50	1.00		13.32	13.32	13.32
N. Brookfield	13.85	1.50	1.00		12.98	12.98	12.98	3.09	1.50	1.00		21.36	21.36	21.36	21.52	1.50	1.00		21.36	21.36	21.36
N. Reading	16.02	1.50	1.00		16.99	16.99	16.99	RC04.32	1.72	1.50	5,059	13.19	26.82	17.86	4.69	1.50	1.00		13.19	26.82	17.86
Northampton	25.76	1.50	1.00		14.58	14.58	14.58	20.26	1.75	1.75	7,239	14.15	27.44	15.68	8.64	1.50	1.00		14.15	27.44	15.68
Northborough	21.45	1.50	1.00		15.40	15.40	15.40	11.02	1.50	1.00		15.78	15.78	15.78	16.53	1.75	1.70	2,941	15.78	15.78	15.78
Northbridge	14.98	1.50	1.00		14.82	14.82	14.82	8.31	1.50	1.00		14.51	14.51	14.51	14.89	1.50	1.38	2,528	14.51	14.51	14.51
Northfield	20.86	1.50	1.00		16.20	16.20	16.20	20.59	1.50	1.00		13.10	13.10	13.10	20.87	1.50	1.00		13.10	13.10	13.10
Norton	13.82	1.50	1.00		15.98	15.98	15.98	24.52	1.50	1.00		15.78	15.78	15.78	13.25	1.50	1.00		15.78	15.78	15.78
Norwell	17.11	1.50	1.00		15.86	15.86	15.86	12.70	1.50	1.00		14.88	14.88	14.88	10.79	1.50	1.00		14.88	14.88	14.88
Norwood	31.26	1.50	1.35	3,308	13.25	21.27	15.76	16.02	1.50	1.00		11.42	11.42	11.42	9.70	1.50	1.00		11.42	11.42	11.42
Oak Bluffs	10.19	1.50	1.00		12.62	12.62	12.62	27.09	1.75	1.47	12,298	20.60	36.84	25.00	19.61	1.50	1.00		20.60	36.84	25.00
Oakham	8.05	1.50	1.00		12.38	12.38	12.38	14.84	1.50	1.00		15.45	15.45	15.45	31.41	1.75	1.60	5,444	15.45	15.45	15.45
Orange	18.99	1.50	1.00		20.10	20.10	20.10	13.49	1.50	1.00		9.70	9.70	9.70	13.23	1.50	1.00		9.70	9.70	9.70
Orleans	11.95	1.50	1.00		9.55	9.55	9.55	14.33	1.50	1.12	404	16.71	19.10	17.05	6.62	1.50	1.00		16.71	19.10	17.05
Otis	8.05	1.50	1.00		8.54	8.54	8.54	22.68	1.50	1.33	2,097	17.38	25.59	19.24	4.66	1.50	1.00		17.38	25.59	19.24
Oxford	17.14	1.50	1.00		16.00	16.00	16.00	10.62	1.50	1.00		18.73	18.73	18.73	8.07	1.50	1.00		18.73	18.73	18.73
Palmer	22.24	1.50	1.00		17.24	17.24	17.24	23.19	1.50	1.00		18.06	18.06	18.06	35.23	1.73	1.55	8,276	18.06	18.06	18.06
Paxton	05.05	1.50	1.00		17.28	17.24	17.24	6.75	1.50	1.40	840	15.97	23.03	16.45	28.92	1.59	1.59	21,154	15.97	23.03	16.45
Peabody	29.36	1.53	1.50	6,238	9.73	18.43	12.28	14.37	1.50	1.00		17.08	17.08	17.08	7.13	1.50	1.00		17.08	17.08	17.08
Pelham	4.10	1.50	1.00		19.42	19.42	19.42	11.29	1.50	1.00		15.66	15.66	15.66	14.93	1.50	1.00		15.66	15.66	15.66
Pembroke	17.42	1.50	1.00		15.35	15.35	15.35	8.15	1.59	1.50	838	17.99	28.24	18.82	8.07	1.50	1.00		17.99	28.24	18.82
Pepperell	11.76	1.50	1.00		15.62	15.62	15.62	19.92	1.50	1.50	1,313	12.62	21.61	14.41	35.23	1.73	1.55	8,276	12.62	21.61	14.41
Peru	10.67	1.50	1.00		18.52	18.52	18.52	25.44	1.52	1.50	4,357	12.58	22.75	15.17	28.92	1.59	1.59	21,154	12.58	22.75	15.17
Petersham	7.56	1.50	1.00		11.82	11.82	11.82	11.34	1.50	1.00		11.88	11.88	11.88	7.13	1.50	1.00		11.88	11.88	11.88
Phillipsburg	6.30	1.50	1.00		14.56	14.56	14.56	24.14	1.50	1.41	3,008	13.98	22.78	16.10	14.93	1.50	1.00		13.98	22.78	16.10
Pittsfield	28.50	1.50	1.26	2,664	17.36	24.49	19.39	17.22	1.50	1.10	156	15.11	16.01	14.56	15.11	1.50	1.00		15.11	16.01	14.56
Plainfield	17.59	1.50	1.00		14.16	14.16	14.16	8.88	1.50	1.00		4.68	4.68	4.68	8.88	1.50	1.00		4.68	4.68	4.68
Plainville	22.24	1.50	1.00		15.18	15.18	15.18	8.52	1.50	1.00		13.66	13.66	13.66	13.66	1.50	1.00		13.66	13.66	13.66
Plymouth	36.59	1.50	1.00		20.32	20.32	20.32	12.38	1.50	1.00		17.83	17.83	17.83	17.83	1.50	1.00		17.83	17.83	17.83
Plympton	14.79	1.50	1.00		18.06	18.06	18.06	9.32	1.50	1.00		7.78	7.78	7.78	7.						

## Effects of Multiple Tax Rates

→ continued from page three

Figure 2



the CIP percentage of the levy constant, communities have increased the share of the overall tax burden carried by commercial, industrial and personal properties by increasing the CIP factor from 1.30 to 1.54. This has increased the CIP tax rate and decreased the R&O tax rate from what it would be with a single rate. As mentioned earlier, the dollar value of this shift has grown to over \$600 million in FY98. Since FY94 the CIP percentage of total assessed value has remained fairly constant and, consequently, the CIP shift has stayed fairly constant at 1.54 to 1.55. *Figure 1* shows this pattern of changes in the total CIP assessed value as a percent of the total value, changes in the CIP factor, and CIP tax levy as a percent of the total levy.

There are 100 communities that have used multiple rates every year for the last seven years. For the 102 communities using multiple rates in FY98, the CIP factor varies from 1.02 to 1.75, with an average of 1.54. There are 22

communities that set their CIP factor at the maximum allowable. For 11 of these communities, the allowable maximum is 1.75, for 3 it is between 1.5 and 1.75, for 6 it is 1.5 and for two it is lower than 1.5.

Information for each city and town is shown in *Table 1* which lists the following: CIP percent of total valuation, the maximum allowable CIP shift, the actual CIP shift, the dollar amount of the shift, the actual residential tax rate, the actual CIP tax rate, and the single tax rate that would have been in effect if there had not been a shift.

Basically, communities can be divided into three groups based on their maximum allowable shifts: at, below, or above 1.5. A shift of 1.5 is based on the original legislation (Group 1). Communities with a high assessed value of CIP property relative to R&O (i.e., greater than 41.18 percent of the total) will have a maximum allowable shift less than 1.5 (Group 2). Finally, Chapter

200 allows some communities that have had a decrease in the CIP percent share of total assessed value to have a shift higher than 1.5 (Group 3).

Only 52 out of the 299 communities in Group 1 used multiple rates. Of the seven communities in Group 2, six used multiple tax rates (Avon, Ayer, Erving, Everett, Florida and Rowe). All 44 in Group 3 used multiple rates.

*Figure 2* looks at use of multiple rates in another way: as a function of the CIP percent of the total assessed value. It shows that the percentage of communities adopting multiple rates increases as CIP share of total assessed value increases. For the 111 communities with the lowest CIP share, 4 percent use multiple rates. Of the 139 with the second-lowest CIP share, 27 percent use multiple rates. Fifty-five percent of the communities with the next higher CIP share use multiple rates. For the 31 communities with the highest CIP share, 71 percent use multiple rates.

*Figure 2* also shows the ranges of the actual CIP shift factor as a function of the CIP percentage share of total assessed value. As the CIP percentage of assessed value increases communities not only are more likely to use multiple rates, but also to shift a larger percentage of the total levy share onto the CIP properties. The percentage of communities using a shift factor greater than 1.5 goes from zero percent for the communities with the smallest CIP share to 22.6 percent for communities with the highest CIP percentage share. ■

*Written by Donna Demirai and Stan Nyberg*

1. Ch.40 Sec.56, Ch.58 Sec.1A, and Ch.59 Sec.2A.



# DLS UPDATE

## *Where is Aquinnah?*

On August 7, 1998, the Town of Gay Head, on Martha's Vineyard, officially changed its name to Aquinnah. Aquinnah is a word from the Wampanoag language meaning "land beneath the hill." Chapter 110 of the Acts of 1998 authorized the name change.

Local officials report that after the town meeting vote to adopt the new name and submit the proposed act to the legislature, the Gay Head signs in the community began to disappear. It would appear that there is a new collectible. ■

## *Water Project Funds*

Local communities which need to undertake major projects to protect their public drinking water have a new funding mechanism available. Recent legislation extends the Massachusetts Water Pollution Abatement Trust (MWPAT) to finance drinking water projects of cities, towns and districts.

The new program is intended to facilitate compliance with national primary drinking water regulations. The rehabilitation or development of water sources to replace contaminated sources, the installation or upgrade of drinking water treatment or storage facilities and the installation or replacement of transmission and distribution pipes to prevent contamination are eligible projects. The cost of planning and design of such projects may be included.

Title VI of the federal Clean Water Act provided for the establishment of state revolving loan programs to provide financial assistance to local governments in connection with the construction of municipal sewage treatment facilities. Under the enabling act the Trust is authorized to borrow money through the issuance of bonds and to use the proceeds with other available funds such as Federal Capitalization Grants

and Commonwealth Matching Grants to make loans to local governments.

The state revolving fund programs for safe drinking water are expected to operate under terms and conditions substantially similar to the sewer project financing. DEP will publish regulations which will govern application procedures for the Drinking Water Revolving Fund loans shortly. The first loans will be made in the fall. Local governments or any other person authorized to own, operate, finance or otherwise implement such drinking water project are eligible borrowers.

The MWPAT is an important effort to finance environmental improvements. The Trust is a government partnership with federal, state and local participation. ■

## *For Your Information*

The Department of Education is now accepting applications for the FY1999 foundation reserve ("pothole") program, which provides supplementary grants to cities, towns and regional school districts having difficulty meeting their financial commitments under the education reform law. The application deadline is October 5. Further information and application forms are posted on DOE's web site ([www.doe.mass.edu](http://www.doe.mass.edu)) under school finance. ■

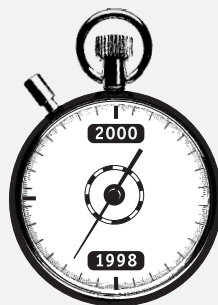
## *Form 3ABC Revised*

Institutions and organizations such as hospitals, schools, churches and cultural institutions, may qualify for an exemption from local taxes on real and personal property they own. Ownership does not automatically entitle an organization to an exemption, however. Exemptions are granted by the assessors when organizations meet the criteria delineated in the Massachusetts General Laws. Every charitable organization owning property on January 1 must file a property return (Form 3ABC) with the local board of assessors in order to receive an exemption for the fiscal year that begins on the next July 1. The return must be received in the assessors' office by March 1.

The "Return of Property Held for Charitable Purposes" (State Tax Form 3ABC) has been revised. The revisions are intended to give charitable and veterans organizations clearer direction about their filing obligations, as well as to provide assessors with relevant information about each organization's purposes and property usage. It should assist assessors in evaluating whether an organization continues to qualify for a real or personal property tax exemption. Organizations must use the revised Form 3ABC beginning with returns due on March 1, 1999. The new form was developed jointly by the Property Tax Bureau and the Exemption Committee of the Massachusetts Association of Assessing Officers.

A new brochure that explains the substantive and procedural requirements organizations must meet in order to qualify for a charitable or religious exemption is also available. Assessors may reproduce the brochure and distribute it to appropriate organizations. For questions about the new form or the brochure, contact Kathleen Colleary at (617) 626-2314. ■

## *Countdown to Y2K*



## Municipal Fiscal Calendar

### September 15

#### **Treasurer/Collector:** *Compensating Balance Report*

If compensating balance accounts were maintained during the prior fiscal year, a report and account analysis schedules are required.

#### **Accountant/Superintendent/School Committee:** *Jointly Submit End of Year Report to the DOE*

Schedule 1 — determines compliance with prior year Net School Spending requirement.

Schedule 19 — determines compliance with current year Net School Spending requirement.

### September 30

#### **State Treasurer:** *Notification of Quarterly Local Aid Payments on or Before September 30*

When local aid payments are transmitted to communities, the cover letter indicates what funds (e.g., Ch. 70, Lottery, Highway Fund) will be made available, less quarterly assessments (see Cherry Sheet attachment for details). The Town Treasurer should forward a copy of this letter to the Accountant for record keeping purposes.

## Opportunities for Training

*Assessment Administration: Law, Procedures and Valuation* (Course 101) will be held in the Southborough Police Station training room from 7:00 p.m. to 10:00 p.m. on Tuesdays from September 15 through November 10.

A *Classification Training Workshop* will be given on Tuesday, October 13, at 7:00 p.m. in the Southborough Police Station second floor training room.

Contact Barbara LaVertue, training coordinator, at (617) 626-2340 for more information. ■

## Data Bank Highlight

The Municipal Data Bank has several reports on tax rates and tax levies. The following information is available for each city and town on both the website and from the staff: assessed values, tax rates, tax levies and parcel counts by class, and average single family tax bills (FY89 through FY98). There are also several reports which look at trends which can be requested from the Data Bank staff.

To obtain Municipal Data Bank information contact: Stan Nyberg, Dora Brown or Debbie DePerri at (617) 626-2300 for printed reports and data files; Burt Lewis at (617) 626-2358 for the On-Line Access System; or use the World Wide Web address below. ■

## City & Town



*City & Town* is published by the Massachusetts Department of Revenue's Division of Local Services (DLS) and is designed to address matters of interest to local officials. DLS offers numerous publications on municipal law and finance, available by calling (617) 626-2300, or through the DLS World Wide Web site at <http://www.state.ma.us/dls> or by writing to PO Box 9655, Boston, MA 02114-9655.

**Marilyn H. Browne**, Managing Editor

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7M 8/98 GC99C02

## CITY&TOWN

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